

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re: **W. R. Grace & Co., et al**  
Debtor

Case No. **01-01139** Jointly Administered  
Reporting Period: **December 2008**

**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)			See attached Attestation Form
Copies of bank statements			See attached Attestation Form
Cash disbursements journals			Not available
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			Not available
Copies of Federal income tax returns filed during reporting period			None filed
Summary of Unpaid Postpetition Debts	MOR-4		See Note #4
Listing of aged accounts payable			See Note #4
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Individual\*

\_\_\_\_\_  
Date

Hudson La Force III

Printed Name of Authorized Individual

Senior Vice President and  
Chief Financial Officer

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**W. R. Grace & Co.**  
**Monthly Financial Report**  
**December 31, 2008**

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See attached  
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none

**Forward-Looking Information**

This monthly financial report contains forward-looking information that involves risks and uncertainties. For such information, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the results predicted, and reported results should not be considered as a indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking information include those factors set forth in Grace's most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which have been filed with the Securities Exchange Commission.

**Statement of Confidentiality**

The information contained in the monthly financial report contains confidential information of W. R. Grace & Co. and its subsidiaries (the "Confidential Information"). The Confidential Information has been prepared solely for information purposes and may not be disclosed to any person or entity or reproduced, disseminated or disclosed, in whole or in part, except to officers, directors, employees, and representatives of the recipient ("Representatives") or as required by applicable law or regulation. By receipt of the Confidential Information, each recipient agrees to (1) use the Confidential Information only to enhance its understanding of Grace and its businesses, and (2) inform its Representatives of the confidential nature of such information and direct them to treat such information in accordance with the terms. Each recipient agrees to be responsible for any breach of these provisions by any of its Representatives.

## **Monthly Operating Report**

W. R. Grace & Co. - Conn  
Schedule of Cash Receipts and Disbursements  
MOR-1  
December 2008

	JP Morgan Chase Disbursement 9101013572	First Union Deposit Acct 2199500021812	First Union Payroll 2079900003815	Merrill Lynch Investment 3323735	Bank of America Lockbox 8188703107	JP Morgan Chase Holding 323223141	JP Morgan Chase Concentration 16001257
CASH BEGINNING OF MONTH	\$ 119,350	\$ 10,000	\$ -	\$ 103,405,693	\$ 8,001	\$ 866,233	\$ 51,757,382
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES					1,143		
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES		645,878		39,938			35,147,072
TRANSFERS IN - NONFILING ENTITIES							9,658,058
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	200,000			44,000,000			147,483,576
MISCELLANEOUS							
TOTAL RECEIPTS	200,000	645,878	-	44,039,938	1,143	-	192,288,706
DISBURSEMENTS							
PAYROLL							
PAYROLL TAXES							
TRADE PAYABLES - THIRD PARTIES							2,239,968
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION							
PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							166,876
TRANSFERS OUT - THIRD PARTIES	204,677						60,437,553
TRANSFERS OUT - NONFILING ENTITIES							31,971
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		645,878					120,193,535
MISCELLANEOUS							
TOTAL DISBURSEMENTS	204,677	645,878	-	-	-	-	183,069,904
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(4,677)	-	-	44,039,938	1,143	-	9,218,802
CASH - END OF MONTH	\$ 114,673	\$ 10,000	\$ -	\$ 147,445,631	\$ 9,144	\$ 866,233	\$ 60,976,184

**Note #1**

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

W. R. Grace & Co. - Conn						
Schedule of Cash Receipts and Disbursements						
MOR-1						
December 2008						
	Bank of America Lockbox 8188203114	Banc of America Securities LLC 22330134		First Union Concentration 2000000282172	First Union Payroll 2079900016741	First Union Petty Cash 2079900005600
						First Union Libby Medical 2079900065006
CASH BEGINNING OF MONTH	\$ 8,036,203	\$ 27,473,189	A	\$ 3,001,678	\$ 111,973	\$ - \$ 0
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	43,038,820					
ACCOUNTS RECEIVABLE - INTERCOMPANY	2,358,809					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI						
DIP BORROWINGS						
TRANSFERS IN - THIRD PARTIES						
TRANSFERS IN - NONFILING ENTITIES						
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS				80,100,000	19,240,990	2,287,677 141,741
MISCELLANEOUS						
TOTAL RECEIPTS	45,397,629	-		80,100,000	19,240,990	2,287,677 141,741
DISBURSEMENTS						
PAYROLL					11,679,104	
PAYROLL TAXES					7,021,335	
TRADE PAYABLES - THIRD PARTIES						
TRADE PAYABLES - INTERCOMPANY						
ACCOUNT SECURITIZATION						
PAYMENTS AS SERVICER FOR GRPI						
DIP PRINCIPAL REPAYMENTS						
DIP INTEREST AND USAGE FEES						
TRANSFERS OUT - THIRD PARTIES	2,146,090					112,884
TRANSFERS OUT - NONFILING ENTITIES	175,530					
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	46,813,220	5,857,649		82,966,908	2,287,677	
MISCELLANEOUS				11,090		
TOTAL DISBURSEMENTS	49,134,840	5,857,649		82,977,998	18,700,439	2,287,677 112,884
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(3,737,211)	(5,857,649)		(2,877,998)	540,551	- 28,857
CASH - END OF MONTH	\$ 4,298,992	\$ 21,615,540	A	123,680	\$ 652,525	\$ - \$ 28,857

**Note #1**

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

**Note A**

This account has been reported as "investment securities" in W.R. Grace & Co.- Conn's balance sheet as of December 31, 2008

Chart 1

W. R. Grace &amp; Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

December 2008

	First Union Accts Payable 2079920005761	First Union Payroll 2079900067554	Wachovia Lockbox 1866-082535	First Union Accts payable 2079900005260	First Union Accts Payable 2079900005231	SunTrust Payroll 00000141309	PNC 4002641360	Hibernia Natl Disbursement 101391210	JP Morgan Chase Lockbox 304616494
CASH BEGINNING OF MONTH	\$ (3,638,543)	\$ -	\$ -	\$ -	\$ (0)	\$ 45,246	\$ (0)	\$ 10,000	\$ 992,638
RECEIPTS									
ACCOUNTS RECEIVABLE - THIRD PARTIES									55,722,610
ACCOUNTS RECEIVABLE - INTERCOMPANY									41,926,065
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI									
DIP BORROWINGS									
TRANSFERS IN - THIRD PARTIES									
TRANSFERS IN - NONFILING ENTITIES									
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	34,667,227			582,022	28,334,928				
MISCELLANEOUS					2,408,510				
TOTAL RECEIPTS	34,667,227	-	-	582,022	30,743,438	-	-	-	97,648,674
DISBURSEMENTS									
PAYROLL									
PAYROLL TAXES									
TRADE PAYABLES - THIRD PARTIES	(a) 31,308,073			504,102	30,743,438				
TRADE PAYABLES - INTERCOMPANY									
ACCOUNT SECURITIZATION									
PAYMENTS AS SERVICER FOR GRPI									
DIP PRINCIPAL REPAYMENTS									
DIP INTEREST AND USAGE FEES									
TRANSFERS OUT - THIRD PARTIES									
TRANSFERS OUT - NONFILING ENTITIES									
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS									98,524,478
MISCELLANEOUS				77,920					
TOTAL DISBURSEMENTS	31,308,073	-	-	582,022	30,743,438	-	-	-	98,524,478
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	3,359,154	-	-	-	0	-	-	-	(875,804)
CASH - END OF MONTH	\$ (279,389)	\$ -	\$ -	\$ -	\$ (0)	\$ 45,246	\$ (0)	\$ 10,000	\$ 116,834

## Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of certain other debtor entities, generally and primarily those that are inactive and/or have no direct employees. Such expenditures are generally de minimis and could include professional fees, state registration fees, business license fees and certain taxes.

(a) These disbursements include Libby indictment, legal, and indemnification costs of \$1,274,556.77.

W. R. Grace & Co. - Conn Schedule of Cash Receipts and Disbursements MOR-1 December 2008					
	Allfirst Payroll 16298657	First Union Petty Cash 2040000016900	Banco de Credito Operating Acct 1931115122058	Banco de Credito Operating Acct 1931125963172	Banco Interam de Finanzas 007000107847
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ 55,141	\$ 329,638	\$ -
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES			35,888	385,388	-
ACCOUNTS RECEIVABLE - INTERCOMPANY			-	-	-
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI			-	-	-
DIP BORROWINGS			-	-	-
TRANSFERS IN - THIRD PARTIES			210,841	-	-
TRANSFERS IN - NONFILING ENTITIES			-	-	-
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS			-	-	-
MISCELLANEOUS			-	-	-
TOTAL RECEIPTS	-	-	246,729	385,388	-
DISBURSEMENTS					
PAYROLL			24,151	-	-
PAYROLL TAXES			10,234	-	-
TRADE PAYABLES - THIRD PARTIES			-	-	-
TRADE PAYABLES - INTERCOMPANY			-	-	-
ACCOUNT SECURITIZATION			-	-	-
PAYMENTS AS SERVICER FOR GRPI			-	-	-
DIP PRINCIPAL REPAYMENTS			-	-	-
DIP INTEREST AND USAGE FEES			-	-	-
TRANSFERS OUT - THIRD PARTIES			173,485	210,000	-
TRANSFERS OUT - NONFILING ENTITIES			-	-	-
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			-	-	-
MISCELLANEOUS			44,498	8,453	-
TOTAL DISBURSEMENTS	-	-	252,368	218,453	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	(5,638)	166,935	-
CASH - END OF MONTH	\$ -	\$ -	\$ 49,503	\$ 496,573	\$ -

**Note #1**

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W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

December 2008

	Banco Interam de Finanzas 7000107707	HSBC Operating Acct 1128001	Bank Boston Operating Acct 154519	Cash in Transit	Cash on Hand	Other
CASH BEGINNING OF MONTH	\$ -	\$ 620,685	\$ -	\$ (1,271,907)	\$ 22,203	\$ (15,540)
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	-	767,610				
ACCOUNTS RECEIVABLE - INTERCOMPANY	-	-				
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI	-	-				
DIP BORROWINGS	-	-				
TRANSFERS IN - THIRD PARTIES	-	-				
TRANSFERS IN - NONFILING ENTITIES	-	-				
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	-	-				
MISCELLANEOUS	-	-				
TOTAL RECEIPTS	-	767,610		-	-	-
DISBURSEMENTS						
PAYROLL	-	-				
PAYROLL TAXES	-	-				
TRADE PAYABLES - THIRD PARTIES	-	1,028,395				
TRADE PAYABLES - INTERCOMPANY	-	-				
ACCOUNT SECURITIZATION	-	-				
PAYMENTS AS SERVICER FOR GRPI	-	-				
DIP PRINCIPAL REPAYMENTS	-	-				
DIP INTEREST AND USAGE FEES	-	-				
TRANSFERS OUT - THIRD PARTIES	-	-		1,539,337		
TRANSFERS OUT - NONFILING ENTITIES	-	-				
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	-	-				
MISCELLANEOUS	-	9,803				(42,287)
TOTAL DISBURSEMENTS	-	1,038,198		1,539,337	-	(42,287)
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	(270,588)		(1,539,337)	-	42,287
CASH - END OF MONTH	\$ -	\$ 350,097	\$ -	\$ (2,811,244)	\$ 22,203	\$ 26,747

## Note #1

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## W. R. Grace &amp; Co. - Conn

## Schedule of Cash Receipts and Disbursements

MOR-1

December 2008

	CURRENT MONTH	
	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 191,939,261	\$ -
RECEIPTS		
ACCOUNTS RECEIVABLE - THIRD PARTIES	99,951,459	
ACCOUNTS RECEIVABLE - INTERCOMPANY	44,284,873	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI	-	
DIP BORROWINGS	-	
TRANSFERS IN - THIRD PARTIES	36,043,729	
TRANSFERS IN - NONFILING ENTITIES	9,658,058	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	357,038,161	
MISCELLANEOUS	2,408,510	
TOTAL RECEIPTS	549,384,791	-
DISBURSEMENTS		
PAYROLL	11,703,255	
PAYROLL TAXES	7,031,569	
TRADE PAYABLES - THIRD PARTIES	65,823,976	
TRADE PAYABLES - INTERCOMPANY	-	
ACCOUNT SECURITIZATION	-	
PAYMENTS AS SERVICER FOR GRPI	-	
DIP PRINCIPAL REPAYMENTS	-	
DIP INTEREST AND USAGE FEES	166,876	
TRANSFERS OUT - THIRD PARTIES	64,824,026	
TRANSFERS OUT - NONFILING ENTITIES	207,501	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	357,289,346	
MISCELLANEOUS	109,476	
TOTAL DISBURSEMENTS	507,156,026	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	42,228,765	-
CASH - END OF MONTH	\$ 234,168,026	\$ -

## Note #1

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Chart 1

W.R. Grace & Co. Schedule of Cash Receipts and Disbursements MOR-1 December 2008			
	JP Morgan Chase Pass Through 323881963	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	454,187	454,187	
TOTAL RECEIPTS	454,187	454,187	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	454,187	454,187	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	454,187	454,187	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Remedium Group, Inc.

## Schedule of Cash Receipts and Disbursements

MOR-1

December 2008

	JP Morgan Chase Depository/Wire 323883842	JP Morgan Chase Disbursement 601831985	Other	CURRENT MONTH	
				ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ (103,839)	\$ (4,000)	\$ (107,839)	\$ -
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES				-	
ACCOUNTS RECEIVABLE - INTERCOMPANY				-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI				-	
DIP BORROWINGS				-	
TRANSFERS IN - THIRD PARTIES			4,000	4,000	
TRANSFERS IN - NONFILING ENTITIES				-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	2,287,677	454,187		2,741,864	
TOTAL RECEIPTS	2,287,677	454,187	4,000	2,745,864	-
DISBURSEMENTS					
PAYROLL				-	
PAYROLL TAXES				-	
TRADE PAYABLES - THIRD PARTIES				-	
TRADE PAYABLES - INTERCOMPANY				-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI				-	
DIP PRINCIPAL REPAYMENTS				-	
DIP INTEREST AND USAGE FEES				-	
TRANSFERS OUT - THIRD PARTIES		376,279		376,279	
TRANSFERS OUT - NONFILING ENTITIES				-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	2,287,677			2,287,677	
MISCELLANEOUS				-	
TOTAL DISBURSEMENTS	2,287,677	376,279	-	2,663,956	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	77,908	4,000	81,908	
CASH - END OF MONTH	\$ -	\$ (25,931)	\$ -	\$ (25,931)	\$ -

Chart 1

Darex Puerto Rico, Inc.

## Schedule of Cash Receipts and Disbursements

MOR-1

December 2008

	Citibank Operating Acct 300153011	Petty Cash	Other	Cash-in-Transit	CURRENT MONTH	
					ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 5,261,136	\$ -	\$ -	\$ -	\$ 5,261,136	\$ -
RECEIPTS						
		No Activity	No Activity	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES	398,892				398,892	
ACCOUNTS RECEIVABLE - INTERCOMPANY					-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI					-	
DIP BORROWINGS					-	
TRANSFERS IN - THIRD PARTIES					-	
TRANSFERS IN - NONFILING ENTITIES					-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	220,351				220,351	
TOTAL RECEIPTS	619,243	-	-	-	619,243	-
DISBURSEMENTS						
PAYROLL	8,161				8,161	
PAYROLL TAXES	2,767				2,767	
TRADE PAYABLES - THIRD PARTIES	119,898				119,898	
TRADE PAYABLES - INTERCOMPANY					-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI					-	
DIP PRINCIPAL REPAYMENTS					-	
DIP INTEREST AND USAGE FEES					-	
TRANSFERS OUT - THIRD PARTIES					-	
TRANSFERS OUT - NONFILING ENTITIES					-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	220,351				220,351	
MISCELLANEOUS					-	
TOTAL DISBURSEMENTS	351,176	-	-	-	351,176	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	268,067	-	-	-	268,067	-
CASH - END OF MONTH	\$ 5,529,203	\$ -	\$ -	\$ -	\$ 5,529,203	\$ -

Chart 1

Grace International Holdings Schedule of Cash Receipts and Disbursements MOR-1 December 2008			
	Grace International Holdings 323136524	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	-
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	-
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	-
DIP BORROWINGS		-	-
TRANSFERS IN - THIRD PARTIES		-	-
TRANSFERS IN - NONFILING ENTITIES	1,500,000	1,500,000	-
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	-
TOTAL RECEIPTS	1,500,000	1,500,000	-
DISBURSEMENTS			
PAYROLL		-	-
PAYROLL TAXES		-	-
TRADE PAYABLES - THIRD PARTIES		-	-
TRADE PAYABLES - INTERCOMPANY		-	-
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	-
DIP PRINCIPAL REPAYMENTS		-	-
DIP INTEREST AND USAGE FEES		-	-
TRANSFERS OUT - THIRD PARTIES		-	-
TRANSFERS OUT - NONFILING ENTITIES		-	-
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	1,500,000	1,500,000	-
MISCELLANEOUS		-	-
TOTAL DISBURSEMENTS	1,500,000	1,500,000	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Chart 1

CC Partners			
Schedule of Cash Receipts and Disbursements			
MOR-1			
December 2008			
	First Union Deposit Acct 2199500031802	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Chart 1

Kootenai Development Company Schedule of Cash Receipts and Disbursements MOR-1 December 2008			
	First National Bank of Montana 1049097	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 33,080	\$ 33,080	\$ -
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS	14,061	14,061	
TOTAL DISBURSEMENTS	14,061	14,061	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(14,061)	(14,061)	-
CASH - END OF MONTH	\$ 19,019	\$ 19,019	\$ -

Chart 1

Grace Europe, Inc.			
Schedule of Cash Receipts and Disbursements			
MOR-1			
December 2008			
	Barclays Bank PLC	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI			
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -



Chart 1

Gloucester New Communities Company, Inc. Schedule of Cash Receipts and Disbursements MOR-1 December 2008			
	Cash On Hand	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 500	\$ 500	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	-
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	-
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	-
DIP BORROWINGS		-	-
TRANSFERS IN - THIRD PARTIES		-	-
TRANSFERS IN - NONFILING ENTITIES		-	-
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	-
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	-
PAYROLL TAXES		-	-
TRADE PAYABLES - THIRD PARTIES		-	-
TRADE PAYABLES - INTERCOMPANY		-	-
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	-
DIP PRINCIPAL REPAYMENTS		-	-
DIP INTEREST AND USAGE FEES		-	-
TRANSFERS OUT - THIRD PARTIES		-	-
TRANSFERS OUT - NONFILING ENTITIES		-	-
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	-
MISCELLANEOUS		-	-
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ 500	\$ 500	\$ -

Chart 1

Dewey & Almy, LLC			
Schedule of Cash Receipts and Disbursements			
MOR-1			
December 2008			
	Miscellaneous	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	\$ -
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION			
PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

December 31, 2008


Office of the United States Trustee

Subject: Attestation Regarding Bank Account Reconciliations

The debtor, W. R. Grace & Co, et al, hereby submits this attestation regarding bank account reconciliations in lieu of providing copies of bank statements and copies of all account reconciliations.

The debtor has, on a timely basis, performed all bank account reconciliations in the ordinary course of business. Copies of bank account statements and reconciliations are available for inspection upon request by the United States Trustee's Office.

GRACE

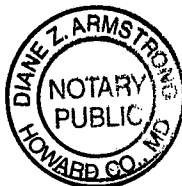
  
Name: Hudson La Force  
Position: Senior Vice President and  
Chief Financial Officer

Sworn to and Subscribed

before me on this 4th

day of February, 2008. *per*

*Diane Z. Armstrong*



**DIANE Z. ARMSTRONG**  
Notary Public, State of Maryland  
County of Howard  
My Commission Expires September 18, 2012

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	W.R. Grace & Co. - Conn.	W.R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.	Litigation Management, Inc.	Grace Europe, Inc.	L B Realty, Inc.
Net sales to third parties	\$ 91,178,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	29,373,537	-	-	-	-	-	-	-	-
Net sales to filing entities	634,439	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	9,709,903	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(8,149,904)	4,812,595	619,583	19,173	845,233	-	2,602,915	-	-
	122,746,020	4,812,595	619,583	19,173	845,233	-	2,602,915	-	-
Cost of goods sold to third parties	62,039,095	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	34,863,042	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	493,381	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	(a) 28,949,552	-	5,798,153	-	-	22,212	-	-	-
Research and development expenses	3,357,790	-	-	-	-	-	-	-	-
Depreciation and amortization	4,895,753	-	1,847	-	-	-	-	-	-
Interest expense	3,665,858	-	-	-	-	-	-	-	-
Other expense (income), net	(25,788,810)	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	6,757,736	-	-	-	-	-	-	-	-
	119,233,397	-	5,800,000	-	-	22,212	-	-	-
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	3,512,623	4,812,595	(5,180,417)	19,173	845,233	(22,212)	2,602,915	-	-
(Provision for) benefit from income taxes	5,282,326	(1,684,408)	1,813,088	(6,711)	(295,832)	(3,893)	(911,021)	(7,982)	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ 8,794,949</b>	<b>\$ 3,128,187</b>	<b>\$ (3,367,329)</b>	<b>\$ 12,462</b>	<b>\$ 549,401</b>	<b>\$ (26,105)</b>	<b>\$ 1,691,894</b>	<b>\$ (7,982)</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

(a) Amount includes \$7,062,397 of expense for Grace's legal and indemnification costs related to the Libby Indictment. \$3,136,966 of this amount relates specifically to the indemnification costs of the seven current and former employees under indictment.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewite Land Corporation	Alewite Boston, Ltd.	Five Alewite Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Staffing Systems, Inc.
Net sales to third parties	\$ -	\$ 324,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	23,131	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(522,593)	(227,000)	-	-	-	-	-	-	-
	(499,462)	97,741	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	237,896	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	90,495	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	(2,040)	2,753	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	86,164	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income), net	(21)	(1,226)	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	-	-	-	-	-	-	-	-	-
	(21)	411,289	2,753	-	-	-	-	-	-
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	(499,442)	(313,549)	(2,753)	-	-	-	-	-	-
(Provision for) benefit from income taxes	172,556	104,094	963	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ (326,885)</b>	<b>\$ (209,455)</b>	<b>\$ (1,790)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern oil, Resin & Fiberglass, Inc.	Guanica- Caribe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	14,061	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	314	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income), net	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	-	-	-	-	-	-	-	-	-
	14,375	-	-	-	-	-	-	-	-
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	(14,375)	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	5,031	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ (9,344)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	Grace Tarpon Investors, Inc.	G C Limited Partners I, Inc.	Monolith Enterprises, Incorporated	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc.	Hanover Square Corporation	Ecarg, Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income), net	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	W.R. Grace Land Corporation	G.C. Management, Inc.	Water Street Corporation	Del Taco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.	Creative Food N' Fun Company	Grace PAR Corporation	Grace A-B Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income), net	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.



W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	Homco International Inc.	GPC Thomasville Corp.	Grace Ventures Corp.	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc.	Grace H-G II Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income), net	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended December 31, 2008

	Coalgrace II, Inc.	Gracoal II, Inc.	Gracoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Ranch Company	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	(634,439)
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(634,439)
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	(583,876)
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Other expense (income), net	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net of interest income	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(583,876)
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	(50,563)
(Provision for) benefit from income taxes	-	7,577,000	7,577,000	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ 7,577,000</b>	<b>\$ 7,577,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (50,563)</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities Combining Statement of Operations MOR - 2 Month Ended December 31, 2008		
	Conversion to Equity Method	COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ 91,502,786
Net sales to non-filing entities	-	\$ 29,373,537
Net sales to filing entities	-	\$ -
Interest and royalties from non-filing entities, net	-	\$ 9,733,034
Interest and royalties from filing entities, net	-	\$ -
	-	\$ 130,609,357
Cost of goods sold to third parties	-	\$ 62,276,990
Cost of goods sold to non-filing entities	-	\$ 34,863,042
Cost of goods sold to filing entities	-	\$ -
Selling, general and administrative expenses	-	\$ 34,784,692
Research and development expenses	-	\$ 3,357,790
Depreciation and amortization	-	\$ 4,984,078
Interest expense	-	\$ 3,665,858
Other expense (income), net	-	\$ (25,790,056)
Chapter 11 reorganization expenses, net of interest income	-	\$ 6,757,736
	-	\$ 124,900,130
(Loss) income before income taxes, minority interest and equity in net income of non-filing entities	-	\$ 5,709,226
(Provision for) benefit from income taxes	-	\$ 19,622,212
Minority interest in income of subsidiary	-	\$ -
Equity in net income of non-filing entities	19,831,440	\$ 19,831,440
<b>Net (loss) income</b>	<b>\$ 19,831,440</b>	<b>\$ 45,162,878</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	W. R. Grace & Co. - Conn	W. R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 212,552,486	\$ -	\$ (25,931)	\$ -	\$ -	\$ -
Investment securities	21,615,540	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	67,238,998	-	-	-	-	-
Accounts and other receivables, net	117,214,535	-	-	-	-	(1)
Receivables from/(payables to) filing and non-filing entities, net	339,473,410	(337,934,724)	(26,505,461)	12,875,432	(69,842,762)	(12,557,630)
Inventories	121,881,063	-	-	-	-	-
Deferred income taxes	39,261,486	-	(340,165)	-	-	-
Other current assets	19,699,098	-	0	-	-	-
<b>Total Current Assets</b>	<b>938,936,616</b>	<b>(337,934,724)</b>	<b>(26,871,556)</b>	<b>12,875,432</b>	<b>(69,842,762)</b>	<b>(12,557,631)</b>
Properties and equipment, net	415,766,124	-	333,970	-	-	-
Goodwill	24,163,463	-	-	-	-	-
Deferred income taxes	1,029,738,959	-	23,375,718	-	-	-
Asbestos-related insurance receivable	500,000,000	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,694,187,889)	1,110,428,341	113,897,702	5,971,877	259,077,322	-
Investment in filing and non-filing entities	1,163,456,864	241,512,111	-	-	-	-
Overfunded defined benefit pension plans	191,276	-	-	-	-	-
Other assets	67,746,468	-	-	-	-	1
<b>Total Assets</b>	<b>\$ 2,445,811,881</b>	<b>\$ 1,014,005,728</b>	<b>\$ 110,735,833</b>	<b>\$ 18,847,309</b>	<b>\$ 189,234,559</b>	<b>\$ (12,557,630)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ 181,324	-	\$ -	\$ -	\$ -	\$ -
Accounts payable	87,372,135	-	226,965	-	-	-
Income taxes payable	1,173,701	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	152,089,739	-	(141,474)	-	-	5,327
<b>Total Current Liabilities</b>	<b>240,816,900</b>	<b>-</b>	<b>85,491</b>	<b>-</b>	<b>-</b>	<b>5,327</b>
Debt payable after one year	448,630	-	-	-	-	-
Deferred income taxes	218,929,132	-	-	-	-	-
Minority interest in consolidated entities	64,245,824	-	-	-	-	-
Underfunded defined benefit pension plans	380,647,321	-	-	-	-	-
Other liabilities	41,078,656	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>946,166,462</b>	<b>-</b>	<b>85,491</b>	<b>-</b>	<b>-</b>	<b>5,327</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	823,532,174	-	-	-	-	-
Drawn letters of credit plus accrued interest	30,005,849	-	-	-	-	-
Income tax contingences	(106,272,603)	107,860,405	(12,214,164)	471,181	21,293,494	(216,146)
Asbestos-related contingences	1,700,000,000	-	-	-	-	-
Environmental contingences	86,419,994	-	65,815,868	-	-	-
Postretirement benefits	169,673,586	-	-	-	-	-
Other liabilities and accrued interest	124,849,820	-	656,146	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>2,828,208,821</b>	<b>107,860,405</b>	<b>54,257,850</b>	<b>471,181</b>	<b>21,293,494</b>	<b>(216,146)</b>
<b>Total Liabilities</b>	<b>3,774,375,283</b>	<b>107,860,405</b>	<b>54,343,342</b>	<b>471,181</b>	<b>21,293,494</b>	<b>(210,819)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	83,968,960	835,367	12,223	1,000	-	1,000
Paid in capital	142,809,878	432,906,016	9,724,449	34,052,467	56,011,577	-
(Accumulated deficit)/Retained earnings	(998,261,244)	529,805,733	46,655,820	(15,677,338)	111,929,489	(12,347,811)
Treasury stock, at cost	-	(57,401,894)	-	-	-	-
Accumulated other comprehensive (loss) income	(557,080,996)	100	-	-	-	-
Deferred compensation trust	-	100	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(1,328,563,402)</b>	<b>906,145,323</b>	<b>56,392,492</b>	<b>18,376,128</b>	<b>167,941,065</b>	<b>(12,346,811)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,445,811,881</b>	<b>\$ 1,014,005,728</b>	<b>\$ 110,735,833</b>	<b>\$ 18,847,309</b>	<b>\$ 189,234,559</b>	<b>\$ (12,557,630)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Litigation Management, Inc.	Grace Europe, Inc.	L B Realty, Inc.	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewite Land Corporation
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,529,203	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	73,704	-	-	1,720,705	-
Receivables from/(payables to) filing and non-filing entities, net	(386,938,610)	5,672,777	140,524,854	(93,406,106)	1,556,785	(5,147,797)
Inventories	-	-	-	-	217,698	-
Deferred income taxes	-	102,119	-	-	64,200	-
Other current assets	-	-	-	-	0	16,523
<b>Total Current Assets</b>	(386,938,610)	5,848,600	140,524,854	(93,406,106)	9,088,591	(5,131,274)
Properties and equipment, net	-	-	-	-	539,627	-
Goodwill	-	-	-	-	1,256,948	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	622,513,383	(3,264,063)	-	34,731,185	-	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	54,000	-	-	5,816,454	-
<b>Total Assets</b>	<b>\$ 235,574,774</b>	<b>\$ 2,638,537</b>	<b>\$ 140,524,854</b>	<b>\$ (5,456)</b>	<b>\$ 16,701,621</b>	<b>\$ (5,131,274)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	19,814	-	-	987,348	-
Income taxes payable	-	-	-	-	(1,173,433)	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	400,490	-	-	171,361	-
<b>Total Current Liabilities</b>	-	420,303	-	-	(14,724)	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	0	-	(169,509)	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	420,304	-	(169,509)	(14,724)	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	65,592,943	(1,066,685)	(150)	(7,514,668)	664,081	(389,670)
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	243,020	-	-	133,907	-
<b>Total Liabilities Subject to Compromise</b>	65,592,943	(823,665)	(150)	(7,514,668)	797,988	(389,670)
<b>Total Liabilities</b>	65,592,943	(403,361)	(150)	(7,684,177)	783,264	(389,670)
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	112	-	-	-	-	-
Common stock	1,000	1,000	-	1,000	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	61,845,489	13,074,177	274,606
(Accumulated deficit)/Retained earnings	199,248,128	(505,743)	115,166,011	(98,400,552)	2,843,180	(5,016,409)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	3,546,640	-	44,232,784	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	169,981,831	3,041,898	140,525,004	7,678,721	15,918,357	(4,741,604)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 235,574,774</b>	<b>\$ 2,638,537</b>	<b>\$ 140,524,854</b>	<b>\$ (5,456)</b>	<b>\$ 16,701,621</b>	<b>\$ (5,131,274)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Alewife Boston Ltd.	Five Alewife Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Staffing Systems, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(2,143,580)	-	(57,817,172)	(110)	(330)	(26,161)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	(2,143,580)	-	(57,817,172)	(110)	(330)	(26,161)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (2,143,580)</b>	<b>\$ -</b>	<b>\$ (23,763,706)</b>	<b>\$ 54,499,890</b>	<b>\$ 54,499,670</b>	<b>\$ 55,985,416</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(210)	-	-	(110)	(330)	(7,489)
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(210)	-	-	(110)	(330)	(7,489)
<b>Total Liabilities</b>	(210)	-	-	(110)	(330)	(7,489)
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	-	-	931,540	1	130	130
Paid in capital	-	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	(2,143,370)	-	(34,103,706)	-	-	1,492,905
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	(2,143,370)	-	(23,763,706)	54,500,000	54,500,000	55,992,905
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (2,143,580)</b>	<b>\$ -</b>	<b>\$ (23,763,706)</b>	<b>\$ 54,499,890</b>	<b>\$ 54,499,670</b>	<b>\$ 55,985,416</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern Oil, Resin & Fiberglass, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 19,020	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(10,483)	(26,614,022)	57,347,191	(7,283,826)	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	7,535	-	-	-	-	-
<b>Total Current Assets</b>	16,071	(26,614,022)	57,347,191	(7,283,826)	-	-
Properties and equipment, net	15,072	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 31,144</b>	<b>\$ (26,614,022)</b>	<b>\$ 57,347,191</b>	<b>\$ (7,283,826)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(445,416)	(195)	10,346,794	(230)	-	-
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(445,416)	(195)	10,346,794	(230)	-	-
<b>Total Liabilities</b>	(445,416)	(195)	10,346,794	(230)	-	-
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	-	-	-	5,150	-	-
Paid in capital	1,303,954	864,233	3,671,658	5,144,850	-	-
(Accumulated deficit)/Retained earnings	(827,394)	(27,478,060)	43,427,950	(12,433,596)	-	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	(99,212)	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	476,560	(26,613,827)	47,000,396	(7,283,596)	-	-
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 31,144</b>	<b>\$ (26,614,022)</b>	<b>\$ 57,347,191</b>	<b>\$ (7,283,826)</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Guanica-Caribe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.	Grace Tarpon Investors, Inc.	G C Limited Partners I, Inc.	Monolith Enterprises, Incorporated
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,824,284</b>	<b>\$ (8,966)</b>	<b>\$ (1,119,103)</b>	<b>\$ 10,284,124</b>	<b>\$ 330</b>	<b>\$ (2,417,714)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
<b>Total Current Liabilities</b>	-	-	-	3	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	3	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(110)	-	(110)	(560)	(560)	(450)
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(110)	-	(110)	(560)	(560)	(450)
<b>Total Liabilities</b>	(110)	-	(110)	(557)	(560)	(450)
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(10,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	5,824,394	(8,966)	(1,118,993)	10,284,682	890	(2,417,264)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 5,824,284</b>	<b>\$ (8,966)</b>	<b>\$ (1,119,103)</b>	<b>\$ 10,284,124</b>	<b>\$ 330</b>	<b>\$ (2,417,714)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.



W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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December 31, 2008

	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc.	Hanover Square Corporation	Ecarg, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,933)</b>	<b>\$ (3,350,634)</b>	<b>\$ (2,509,849)</b>	<b>\$ 840</b>	<b>\$ (1,230,613)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingencies	-	(818)	(110)	(210)	(110)	(30)
Asbestos-related contingencies	-	-	-	-	-	-
Environmental contingencies	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	-	(818)	(110)	(210)	(110)	(30)
<b>Total Liabilities</b>	-	(818)	(110)	(210)	(110)	(30)
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	-	-	1,000	1,000	1,000	50
Paid in capital	-	-	-	-	-	50
(Accumulated deficit)/Retained earnings	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(1,230,683)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	(26,312,455)	(5,132,115)	(3,350,524)	(2,509,639)	950	(1,230,583)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,933)</b>	<b>\$ (3,350,634)</b>	<b>\$ (2,509,849)</b>	<b>\$ 840</b>	<b>\$ (1,230,613)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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December 31, 2008

	W. R. Grace Land Corporation	G C Management, Inc.	Water Street Corporation	Del Taco Restaurants, Inc.	W. R. Grace Capital Corporation	Gloucester New Communities Company, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	91,572
Receivables from/(payables to) filing and non-filing entities, net	36,708,315	-	(73,061)	(12,559,518)	(264,688)	(19,555,815)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	36,708,315	-	(73,061)	(12,559,518)	(264,688)	(19,463,742)
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	4,066
<b>Total Assets</b>	<b>\$ 42,993,121</b>	<b>\$ -</b>	<b>\$ (73,061)</b>	<b>\$ (12,559,518)</b>	<b>\$ 173,757</b>	<b>\$ (19,459,676)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	4,066
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	199	-
<b>Total Current Liabilities</b>	-	-	-	-	199	4,066
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	199	4,066
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(821)	-	(110)	(265)	(759)	-
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(821)	-	(110)	(265)	(759)	-
<b>Total Liabilities</b>	(821)	-	(110)	(265)	(560)	4,066
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-	-	6,541,055	4,000	6,000,000
(Accumulated deficit)/Retained earnings	23,411,782	-	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	42,993,942	-	(72,951)	(12,559,253)	174,317	(19,463,742)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 42,993,121</b>	<b>\$ -</b>	<b>\$ (73,061)</b>	<b>\$ (12,559,518)</b>	<b>\$ 173,757</b>	<b>\$ (19,459,676)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Creative Food N' Fun Company	Grace PAR Corporation	Grace A-B Inc.	Homco International, Inc.	GPC Thomasville Corp.	Grace Ventures Corp.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	23,478,717	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	23,478,717	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 23,478,717</b>	<b>\$ 6,345,361</b>	<b>\$ 810,265</b>	<b>\$ (59,581,637)</b>	<b>\$ (185)</b>	<b>\$ (86,721)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(1,432)	(300)	(335)	(405)	(185)	(110)
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(1,432)	(300)	(335)	(405)	(185)	(110)
<b>Total Liabilities</b>	(1,432)	(300)	(335)	(405)	(185)	(110)
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	1,090,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,986,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	23,480,148	6,345,661	810,600	(59,581,232)	-	(86,611)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 23,478,717</b>	<b>\$ 6,345,361</b>	<b>\$ 810,265</b>	<b>\$ (59,581,637)</b>	<b>\$ (185)</b>	<b>\$ (86,721)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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December 31, 2008

	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, inc.	Grace A-B II Inc.	Grace H-G II Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 504,081,786</b>	<b>\$ (9,746,113)</b>	<b>\$ (15,750,664)</b>	<b>\$ 5,296,839</b>	<b>\$ 875,359</b>	<b>\$ (5,314)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(119)	(110)	-	(360)	(310)	(260)
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(119)	(110)	-	(360)	(310)	(260)
<b>Total Liabilities</b>	(119)	(110)	-	(360)	(310)	(260)
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,657,976)	(49,850,704)	5,297,099	874,669	(6,054)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	504,081,905	(9,746,003)	(15,750,664)	5,297,199	875,669	(5,054)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 504,081,786</b>	<b>\$ (9,746,113)</b>	<b>\$ (15,750,664)</b>	<b>\$ 5,296,839</b>	<b>\$ 875,359</b>	<b>\$ (5,314)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Coalgrace II, Inc.	Gracoal II, Inc.	Gracoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Ranch Company
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Overfunded defined benefit pension plans	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	\$ 108,080	\$ 130,215,533	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Minority interest in consolidated entities	-	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-	-
Income tax contingences	(360)	21,450,461	21,450,636	(480)	(110)	-
Asbestos-related contingences	-	-	-	-	-	-
Environmental contingences	-	-	-	-	-	-
Postretirement benefits	-	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(360)	21,450,461	21,450,636	(480)	(110)	-
<b>Total Liabilities</b>	(360)	21,450,461	21,450,636	(480)	(110)	-
<b>Shareholders' Equity (Deficit)</b>						
Preferred stock	-	-	-	-	-	-
Common stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	78,470,322	109,908,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	-	-	-	-
Deferred compensation trust	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	108,440	108,765,072	123,788,570	(81,114,633)	47,407,906	-
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	\$ 108,080	\$ 130,215,533	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W. R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
December 31, 2008

	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclases
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investment securities	-	-	-	-	-
Cash value of life insurance policies, net of policy loans	-	-	-	-	-
Accounts and other receivables, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	200,000
Inventories	-	-	-	-	-
Deferred income taxes	-	-	-	-	(5,449,795)
Other current assets	-	-	-	-	-
<b>Total Current Assets</b>	-	-	-	-	(5,249,795)
Properties and equipment, net	-	-	-	-	-
Goodwill	-	-	-	-	-
Deferred income taxes	-	-	-	-	(218,759,623)
Asbestos-related insurance receivable	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-
Investment in filing and non-filing entities	-	-	(1,323,802,717)	(42,332,266)	1,800,000
Overfunded defined benefit pension plans	-	-	-	-	-
Other assets	-	-	(1,201,282)	-	-
<b>Total Assets</b>	\$ -	\$ -	\$ (1,325,003,999)	\$ (42,332,266)	\$ (222,209,418)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>					
<b>Liabilities Not Subject to Compromise</b>					
<b>Current Liabilities</b>					
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	100,000	-	(1,797,136)
<b>Total Current Liabilities</b>	-	-	100,000	-	(1,797,136)
Debt payable after one year	-	-	-	-	-
Deferred income taxes	-	-	-	-	(218,759,623)
Minority interest in consolidated entities	-	-	-	-	-
Underfunded defined benefit pension plans	-	-	-	-	-
Other liabilities	-	-	200,000	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	300,000	-	(220,556,759)
<b>Liabilities Subject to Compromise</b>					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Drawn letters of credit plus accrued interest	-	-	-	-	-
Income tax contingences	-	-	-	-	-
Asbestos-related contingences	-	-	-	-	-
Environmental contingences	-	-	-	-	-
Postretirement benefits	-	-	-	-	-
Other liabilities and accrued interest	-	-	-	-	(9,452,659)
<b>Total Liabilities Subject to Compromise</b>	-	-	-	-	(9,452,659)
<b>Total Liabilities</b>	-	-	300,000	-	(230,009,418)
<b>Shareholders' Equity (Deficit)</b>					
Preferred stock	-	-	-	-	-
Common stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,222,770,000)	-	-
(Accumulated deficit)/Retained earnings	-	-	(30,240,039)	13,057,148	2,000,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive (loss) income	-	-	14,200,000	(55,389,414)	5,800,000
Deferred compensation trust	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	-	-	(1,325,303,999)	(42,332,266)	7,800,000
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	\$ -	\$ -	\$ (1,325,003,999)	\$ (42,332,266)	\$ (222,209,418)

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W. R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

December 31, 2008

	COMBINED FILING ENTITIES
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 218,075,278
Investment securities	\$ 21,615,540
Cash value of life insurance policies, net of policy loans	\$ 67,238,998
Accounts and other receivables, net	\$ 119,100,515
Receivables from/(payables to) filing and non-filing entities, net	\$ 69,950,031
Inventories	\$ 122,098,761
Deferred income taxes	\$ 33,637,845
Other current assets	\$ 19,723,157
<b>Total Current Assets</b>	<b>\$ 671,440,125</b>
Properties and equipment, net	\$ 417,093,239
Goodwill	\$ 25,420,411
Deferred income taxes	\$ 834,355,054
Asbestos-related insurance receivable	\$ 500,000,000
Loans receivable from/(payable to) filing and non-filing entities, net	\$ 399,129,010
Investment in filing and non-filing entities	\$ 492,019,537
Overfunded defined benefit pension plans	\$ 191,276
Other assets	\$ 72,419,707
<b>Total Assets</b>	<b>\$ 3,412,068,359</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	
<b>Liabilities Not Subject to Compromise</b>	
<b>Current Liabilities</b>	
Debt payable within one year	\$ 181,324
Accounts payable	\$ 88,610,328
Income taxes payable	\$ 268
Asbestos-related liability expected to be disbursed within one year	\$ -
Other current liabilities	\$ 150,828,509
<b>Total Current Liabilities</b>	<b>\$ 239,620,429</b>
Debt payable after one year	\$ 448,630
Deferred income taxes	\$ -
Minority interest in consolidated entities	\$ 64,245,824
Underfunded defined benefit pension plans	\$ 380,647,321
Other liabilities	\$ 41,278,656
<b>Total Liabilities Not Subject to Compromise</b>	<b>\$ 726,240,860</b>
<b>Liabilities Subject to Compromise</b>	
Debt, pre-petition plus accrued interest	\$ 823,532,174
Drawn letters of credit plus accrued interest	\$ 30,005,849
Income tax contingences	\$ 120,992,030
Asbestos-related contingences	\$ 1,700,000,000
Environmental contingences	\$ 152,235,862
Postretirement benefits	\$ 169,673,586
Other liabilities and accrued interest	\$ 116,430,236
<b>Total Liabilities Subject to Compromise</b>	<b>\$ 3,112,869,737</b>
<b>Total Liabilities</b>	<b>\$ 3,839,110,597</b>
<b>Shareholders' Equity (Deficit)</b>	
Preferred stock	\$ 112
Common stock	\$ 838,044
Paid in capital	\$ 436,578,010
(Accumulated deficit)/Retained earnings	\$ (262,266,413)
Treasury stock, at cost	\$ (57,401,894)
Accumulated other comprehensive (loss) income	\$ (544,790,097)
Deferred compensation trust	\$ 100
<b>Total Shareholders' Equity (Deficit)</b>	<b>\$ (427,042,238)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 3,412,068,359</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

Chart 5

<b>W. R. Grace &amp; Co. - Conn</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>December 31, 2008</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
	<b>A</b>	<b>B</b>	<b>= C-A-B</b>	<b>C</b>
<b>Federal</b>				
Withholding	\$ (3,211)	\$ 2,466,484	\$ (2,466,607)	\$ (3,334)
FICA - Employee	13,287	918,632	(916,548)	15,371
FICA and payroll- Employer	3,649,569	918,601	(3,690,287)	877,883
Unemployment	-	738	(738)	-
Other	-	2,896	(2,896)	-
<b>Total Federal Taxes</b>	<b>\$ 3,659,645</b>	<b>\$ 4,307,351</b>	<b>\$ (7,077,076)</b>	<b>\$ 889,920</b>
<b>State and Local</b>				
Withholding	\$ 62,868	\$ 748,226	\$ (748,226)	\$ 62,868
Sales & Use	398,036	430,997	(236,702)	592,331
Property Taxes	2,378,316	444,166	(1,470,444)	1,352,038
Other	-	(832,993)	832,993	-
<b>Total State and Local</b>	<b>\$ 2,839,220</b>	<b>\$ 790,396</b>	<b>\$ (1,622,379)</b>	<b>\$ 2,007,237</b>
<b>Total Taxes</b>	<b>\$ 6,498,865</b>	<b>\$ 5,097,747</b>	<b>\$ (8,699,455)</b>	<b>\$ 2,897,157</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.



Chart 5

Remedium Group, Inc. Status of Postpetition Taxes MOR-4 December 31, 2008				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
	A	B	= C-A-B	C
<b>Federal</b>				
Withholding	\$ (283)	\$ 6,526	\$ (6,526)	\$ (283)
FICA - Employee	-	937	(937)	-
FICA and payroll- Employer	-	937	(937)	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ (283)	\$ 8,400	\$ (8,400)	\$ (283)
<b>State and Local</b>				
Withholding	\$ -	\$ 739	\$ (739)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ 739	\$ (739)	\$ -
<b>Total Taxes</b>	\$ (283)	\$ 9,139	\$ (9,139)	\$ (283)

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

<b>Grace Washington, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>December 31, 2008</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
	<b>A</b>	<b>B</b>	<b>= C-A-B</b>	<b>C</b>
<b>Federal</b>				
Withholding	\$ 2,582	\$ 5,290	\$ (5,290)	\$ 2,582
FICA - Employee	141	284	(284)	141
FICA and payroll- Employer	139	284	(284)	139
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ 2,862</b>	<b>\$ 5,858</b>	<b>\$ (5,858)</b>	<b>\$ 2,862</b>
<b>State and Local</b>				
Withholding	\$ 532	\$ 1,091	\$ (1,091)	\$ 532
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ 532</b>	<b>\$ 1,091</b>	<b>\$ (1,091)</b>	<b>\$ 532</b>
<b>Total Taxes</b>	<b>\$ 3,394</b>	<b>\$ 6,949</b>	<b>\$ (6,949)</b>	<b>\$ 3,394</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

<b>L B Realty, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>December 31, 2008</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
	<b>A</b>	<b>B</b>	<b>= C-A-B</b>	<b>C</b>
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	-	-	-
FICA and payroll- Employer	-	-	-	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ -	\$ -	\$ -	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Taxes</b>	\$ -	\$ -	\$ -	\$ -

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

<b>Darex Puerto Rico, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>December 31, 2008</b>				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
	A	B	= C-A-B	C
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	818	(818)	-
FICA and payroll- Employer	-	818	(818)	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ -	\$ 1,636	\$ (1,636)	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ 1,131	\$ (1,131)	\$ -
Sales & Use	(403)	1,351	(1)	947
Property Taxes	281,887	83,695	-	365,582
Other	-	-	-	-
<b>Total State and Local</b>	\$ 281,484	\$ 86,177	\$ (1,132)	\$ 366,529
<b>Total Taxes</b>	\$ 281,484	\$ 87,813	\$ (2,768)	\$ 366,529

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn	
Accounts Receivable Reconciliation and Aging	
MOR-5	
December 2008	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 118,997,910
Amounts billed during the period	\$ 91,178,046
Amounts collected during the period	\$ (99,951,459)
Other	\$ 3,853,020
Trade accounts receivable at the end of month, gross	\$ 114,077,517
<b>Trade Accounts Receivable Aging</b>	
Current	\$ 94,901,620
1-30 days past due	\$ 12,828,338
31-60 days past due	\$ 3,652,533
+61 days past due	\$ 2,695,026
Trade accounts receivable, gross	\$ 114,077,517
Allowance for doubtful accounts	\$ (1,190,875)
Trade accounts receivable, net	\$ 112,886,643
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 112,886,643
Customer notes and drafts receivable	\$ 595,435
Pending customer credit notes	\$ (179,979)
Advances and deposits	\$ 2,178,888
Nontrade receivables, net	\$ 1,733,548
Total notes and accounts receivable, net	\$ 117,214,535

Chart 6

**Darex Puerto Rico, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2008**

<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 1,967,217
Amounts billed during the period	324,741
Amounts collected during the period	(398,892)
Other	8,940
Trade accounts receivable at the end of month, gross	\$ 1,902,005
<b>Trade Accounts Receivable Aging</b>	
Current	\$ 943,555
1-30 days past due	244,903
31-60 days past due	175,345
+61 days past due	538,202
Trade accounts receivable, gross	1,902,005
Allowance for doubtful accounts	(181,300)
Trade accounts receivable, net	\$ 1,720,705

<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 1,720,705
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ 1,720,705

Chart 6

**Remedium Group, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2008**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

**Trade Accounts Receivable Aging**

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ -

Chart 6

**Gloucester New Communities Company, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2008**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

**Trade Accounts Receivable Aging**

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	91,572
Total notes and accounts receivable, net	\$ 91,572



Chart 6

**Grace Europe, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2008**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

**Trade Accounts Receivable Aging**

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	73,704
Total notes and accounts receivable, net	\$ 73,704

Chart 7

W.R. Grace & Co., et al Debtor Questionnaire MOR - 5 December 31, 2008		
	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.	X	
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in affect? If no, provide an explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation.	X (unless disputed in normal course of business)	

**Note #5**

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

List assets sold/transferred outside the normal course of business over \$25,000:		
Description of Asset	Sale Date	Proceeds
Real Estate in San Leandro, CA	12/30/08	\$5.9 million
Real Estate in Charleston, SC	12/22/08	\$3.8 million
Limited Partnership interest in Colowyo Coal Co.	12/22/08	\$8.4 million
<p>* Note: The Colowyo transaction also included the return of a Letter of Credit previously issued by Grace-Conn to the benefit of the bondholders of a subsidiary of Colowyo. The LC had an undrawn balance of \$18 million.</p> <p>Note: All of the above transactions were done with the court approval.</p>		

## **Combined Chapter 11 Filing Entity Statements**

Chart 8

W. R. Grace & Co. - Chapter 11 Filing Entities				
Combined Statements of Operations				
In millions	Month Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Net sales to third parties	\$ 91.5	\$ 73.4	\$ 1,061.8	\$ 1,020.3
Net sales to non-filing entities	29.4	46.5	497.8	477.6
Interest and royalties from non-filing entities	9.7	11.1	84.9	56.8
	130.6	131.0	1,644.5	1,554.7
Cost of goods sold to third parties	62.3	52.7	734.6	683.6
Cost of goods sold to non-filing entities	34.8	31.3	410.4	374.6
Selling, general and administrative expenses	26.7	33.5	298.1	314.0
Depreciation and amortization	5.0	5.0	57.1	55.5
Research and development expenses	3.4	4.0	43.3	43.9
Defined benefit pension expense	2.4	3.3	37.4	38.8
Interest expense	3.6	3.7	53.3	71.1
Other (income) expense, net	(25.7)	(6.0)	(24.4)	(16.0)
Provision for asbestos-related litigation, net of estimated insurance recovery	-	-	-	-
Provision for environmental remediation	5.7	5.0	14.6	17.0
Chapter 11 expenses, net of interest income	6.8	8.2	65.8	86.6
	125.0	140.7	1,690.2	1,669.1
Income (loss) before income taxes and equity in net income of non-filing entities	5.6	(9.7)	(45.7)	(114.4)
Benefit from (provision for) income taxes	19.6	45.7	11.4	57.2
Income (loss) before equity in net income of non-filing entities	25.2	36.0	(34.3)	(57.2)
Equity in net income of non-filing entities	20.0	(6.4)	155.8	146.0
<b>Net income</b>	<b>\$ 45.2</b>	<b>\$ 29.6</b>	<b>\$ 121.5</b>	<b>\$ 88.8</b>

**W. R. Grace & Co. - Chapter 11 Filing Entities**  
**Combined Functional Basis Statements of Cash Flows**

<i>In millions</i>	<b>Twelve Months Ended December 31, 2008</b>	<b>Twelve Months Ended December 31, 2007</b>
<b>Core operations cash flow</b>		
Pre-tax income (loss) from core operations	\$ 126.9	\$ 94.6
Depreciation and amortization	57.1	55.5
	184.0	150.1
Payments under defined benefit pension arrangements	(54.2)	(81.1)
Change in Non-Filing entity operating loans including interest payments and Investment	152.9	86.1
Changes in all core assets/liabilities and other	68.4	6.6
<b>Core Pre-tax Operating Cash Flow</b>	<b>351.1</b>	<b>161.7</b>
Dividends paid to minority interests in consolidated entities	-	(11.8)
Capital expenditures	(74.3)	(86.3)
Purchase of short-term investments	-	-
<b>Core Pre-tax Operating Free Cash Flow</b>	<b>276.8</b>	<b>63.6</b>
<b>Charges against core reserves</b>		
Deferred compensation	(0.3)	(0.4)
Self insurance	(1.5)	(1.6)
<b>Total Spending Against Core Reserves</b>	<b>(1.8)</b>	<b>(2.0)</b>
<b>Net Core Cash Flow</b>	<b>275.0</b>	<b>61.6</b>
<b>Noncore cash flow</b>		
Proceeds from asset sales	-	-
Investments in short term debt securities	-	(124.7)
Proceeds from sales of investment securities	70.7	25.0
Cash paid to resolve contingencies subject to Chapter 11	(252.0)	(10.3)
Legal fees	(21.8)	(16.8)
Other noncore pre-tax cash flow	(0.3)	(11.7)
<b>Noncore Pre-tax Cash Flow</b>	<b>(203.4)</b>	<b>(138.5)</b>
<b>Charges against noncore reserves</b>		
Environmental remediation	(4.9)	(9.5)
Retained obligations and other	(1.1)	(1.0)
Postretirement benefits	(6.6)	(5.0)
<b>Total Spending Against Noncore Reserves</b>	<b>(12.6)</b>	<b>(15.5)</b>
<b>Noncore Cash Flow</b>	<b>(216.0)</b>	<b>(154.0)</b>
<b>Total Pre-tax/Pre-interest/Pre-Chapter 11 Cash Flow</b>	<b>59.0</b>	<b>(92.4)</b>
Cash paid for taxes, net of refunds	17.3	(5.4)
Cash paid for interest, net	(28.1)	3.1
Chapter 11 expenses paid	(69.3)	(92.1)
Interest income on filing entity cash balances	(2.9)	8.3
<b>Cash Flow before Strategic Investments</b>	<b>(24.0)</b>	<b>(178.5)</b>
<b>Strategic Investments</b>		
Purchase of equity investment	(3.0)	-
Dividends received from non-filing entities	16.9	79.0
Proceeds from sale of business	-	21.8
Proceeds from exercise of stock options	11.3	40.1
<b>Cash used for Strategic Investments</b>	<b>25.2</b>	<b>140.9</b>
<b>Cash Flow after Strategic Investments</b>	<b>1.2</b>	<b>(37.6)</b>
Fees under debtor-in-possession credit facility	(2.3)	(2.6)
Net (investing)/financing activities under life insurance policies	12.4	13.2
<b>Net Cash Flow</b>	<b>\$ 11.3</b>	<b>\$ (27.0)</b>

Chart 10

**W. R. Grace & Co. - Chapter 11 Filing Entities**  
**Combined Balance Sheets**

<i>Amounts in millions</i>	<b>December 31, 2008</b>	<b>December 31, 2007</b>	<b>April 2, 2001</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 218.1	\$ 206.8	\$ 8.6
Investment securities	21.6	98.3	-
Cash value of life insurance policies, net of policy loans	67.2	77.1	-
Trade accounts receivable, less allowance of \$1.4 (2007 - \$1.7, Filing Date - \$0.7)	115.0	108.3	32.3
Receivables from non-filing entities, net	69.9	103.2	51.2
Inventories	122.1	136.7	80.6
Deferred income taxes	33.6	22.3	80.9
Asbestos-related insurance expected to be realized within one year	-	-	17.0
Other current assets	23.8	24.8	33.4
<b>Total Current Assets</b>	<b>671.3</b>	<b>777.5</b>	<b>304.0</b>
Properties and equipment, net	417.1	403.8	400.4
Goodwill	25.4	25.4	13.6
Deferred income taxes	834.4	725.6	401.0
Asbestos-related insurance expected to be realized after one year	500.0	500.0	323.4
Loans receivable from non-filing entities, net	399.1	524.2	387.5
Investment in non-filing entities	492.0	400.8	121.0
Overfunded defined benefit pension plans	0.2	1.5	-
Deferred pension costs	-	-	236.0
Other assets	72.4	56.2	136.6
<b>Total Assets</b>	<b>\$ 3,411.9</b>	<b>\$ 3,415.0</b>	<b>\$ 2,323.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>			
<b>Liabilities Not Subject to Compromise</b>			
<b>Current Liabilities</b>			
Debt payable within one year	\$ 0.2	\$ -	\$ -
Accounts payable	88.6	63.5	-
Other current liabilities	150.7	134.4	-
<b>Total Current Liabilities</b>	<b>239.5</b>	<b>197.9</b>	<b>-</b>
Debt payable after one year	0.4	-	-
Minority interest in consolidated entities	64.2	64.5	0.3
Underfunded defined benefit pension plans	380.6	159.6	-
Other liabilities	41.2	39.0	31.5
<b>Total Liabilities Not Subject to Compromise</b>	<b>725.9</b>	<b>461.0</b>	<b>31.8</b>
<b>Liabilities Subject to Compromise</b>			
Pre-petition debt plus accrued interest	823.5	783.0	511.5
Drawn letters of credit plus accrued interest	30.0	26.9	-
Income tax contingencies	121.0	89.3	242.1
Asbestos-related contingencies	1,700.0	1,700.0	1,002.8
Environmental contingencies	152.2	394.7	164.8
Postretirement benefits	169.7	172.7	256.2
Other liabilities and accrued interest	116.5	137.0	188.6
<b>Total Liabilities Subject to Compromise</b>	<b>3,112.9</b>	<b>3,303.6</b>	<b>2,366.0</b>
<b>Total Liabilities</b>	<b>3,838.8</b>	<b>3,764.6</b>	<b>2,397.8</b>
<b>Shareholder's Equity (Deficit)</b>			
Common stock	0.8	0.8	0.8
Paid in capital	436.6	431.5	432.6
Accumulated deficit	(262.1)	(368.1)	(201.8)
Treasury stock, at cost	(57.4)	(63.7)	(136.4)
Accumulated other comprehensive loss	(544.8)	(350.1)	(169.5)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(426.9)</b>	<b>(349.6)</b>	<b>(74.3)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 3,411.9</b>	<b>\$ 3,415.0</b>	<b>\$ 2,323.5</b>

**W. R. Grace & Co.**  
**Filing Entity Supplemental Financial Information**  
**December 31, 2008**

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**Basis of Presentation**

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The interim Combined Financial Statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy Court. Consequently, these financial statements do not purport to present the financial performance of W. R. Grace & Co. in conformity with U.S. generally accepted accounting principles which would require the consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W. R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in the Company's 2007 Annual Report on Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These interim Combined Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented under U.S. generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed.

In the third quarter of 2008, Grace changed its method of accounting for the cost of its U.S. inventories from the last-in/first-out method, or LIFO, to the first-in/first-out method, or FIFO. Grace decided to make this change in order to achieve a consistent inventory costing method for both U.S. and non-U.S. inventories. Grace has retrospectively restated the prior periods' financial statements for all periods presented herein to account for all inventories using FIFO in compliance with Statement of Financial Accounting Standards ("SFAS") 154.

The results of operations for the twelve-month interim period ended December 31, 2008 are not necessarily indicative of the results of operations for the year ending December 31, 2008.

**Other Balance Sheet Accounts**

<i>(In millions)</i>	December 31, 2008	Filing Date
<b>Inventories</b>		
Raw materials .....	\$ 21.8	\$ 20.3
In process .....	23.4	16.2
Finished products .....	65.7	63.8
General merchandise .....	11.2	9.6
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis .....	--	(29.3)
	<b>\$ 122.1</b>	<b>\$ 80.6</b>
<b>Other Assets</b>		
Deferred charges .....	24.3	40.4
Cash value of life insurance policies, net of policy loans .....	4.2	64.1
Long-term receivables .....	0.3	1.9
Long-term investments .....	3.0	2.1
Patents, licenses and other intangible assets, net .....	18.8	25.2
Fair value of foreign currency exchange rate forward contracts .....	21.0	--
Other assets .....	0.8	2.9
	<b>\$ 72.4</b>	<b>\$ 136.6</b>
<b>Other Current Liabilities</b>		
Accrued compensation .....	\$ 42.2	\$ --
Accrued commissions .....	5.3	--
Customer programs .....	19.6	--
Accrued freight .....	6.0	--
Accrued reorganization fees .....	23.9	--
Other accrued liabilities .....	53.7	--
	<b>\$ 150.7</b>	<b>\$ --</b>
<b>Other Liabilities</b>		
Deferred royalty income — non-filing entities .....	\$ --	\$ 31.5
Accrued compensation .....	9.5	--
Other accrued liabilities .....	31.7	--
	<b>\$ 41.2</b>	<b>\$ 31.5</b>
<b>Other Liabilities Subject to Compromise</b>		
Accrued interest on pre-petition liabilities .....	43.5	--
Accounts payable .....	31.2	43.0
Retained obligations of divested businesses .....	29.8	43.5
Other accrued liabilities .....	12.0	102.1
	<b>\$ 116.5</b>	<b>\$ 188.6</b>

Accrued compensation in the table above includes salaries and wages as well as estimated current amounts due under the annual and long-term incentive programs.

**Life Insurance**

Grace is the beneficiary of corporate-owned life insurance ("COLI") policies on certain current and former employees with a net cash surrender value of \$71.4 million at December 31, 2008. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years.



The following table summarizes the components of net cash value at December 31, 2008 and Filing Date:

<b>Components of Net Cash Value</b> <i>(In millions)</i>	<b>December 31, 2008</b>	<b>Filing Date</b>
Gross cash value .....	\$ 77.5	\$ 453.7
Principal – policy loans .....	(5.0)	(390.3)
Accrued interest – policy loans .....	(1.1)	0.7
Total net cash value .....	71.4	64.1
Less: current portion .....	(67.2)	--
Net cash value – long term .....	\$ 4.2	\$ 64.1
Insurance benefits in force .....	\$ 120.7	\$ 2,286.0

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

In August 2008 and December 2008, Grace received proceeds of \$40.0 million and \$16.0 million, respectively, through a loan against the cash value of its life insurance policies. In December 2008, Grace made loan repayments of \$56.0 million. In June 2008 and November 2008, Grace surrendered and terminated life insurance policies and received approximately \$8.1 million and \$4.6 million, respectively, of net cash value from the terminations. As a result of the terminations, gross cash value of the policies was reduced by approximately \$12.7 million. Grace's insurance benefits in force was reduced by approximately \$23.5 million.

## Debt

On December 31, 2008 and the Filing Date, Grace's debt was as follows:

<b>Components of Debt</b> <i>(In millions)</i>	<b>December 31, 2008</b>	<b>Filing Date</b>
<b>Debt payable within one year</b>		
DIP facility .....	\$ --	\$ --
Other short-term borrowings and related fees payable .....	0.2	--
	\$ 0.2	\$ --
<b>Debt payable after one year</b>		
DIP facility .....	\$ --	\$ --
Other long-term borrowings .....	0.4	--
	\$ 0.4	\$ --
<b>Debt Subject to Compromise</b>		
Bank borrowings .....	\$ 500.0	\$ 500.0
Accrued interest on bank borrowings .....	323.5	--
Drawn letters of credit .....	25.6	--
Accrued interest on drawn letters of credit .....	4.4	--
8.0% Notes Due 2004 .....	--	5.7
7.75% Notes Due 2002 .....	--	2.0
Other borrowings .....	--	1.2
Accrued interest .....	--	2.6
	\$ 853.5	\$ 511.5
Annualized weighted average interest rates on total debt	4.7%	6.1%

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement, or DIP facility, with a syndicate of lenders that, as amended effective April 1, 2008, provides for up to \$165 million of revolving loans and face amount of letters of credit. The DIP facility is secured by a priority lien on substantially all assets of the Debtors with the exclusion of the capital stock of non-U.S. subsidiaries, and bears interest based on the London Interbank Offered Rate (LIBOR). The term of the DIP facility ends on the earlier of April 1, 2010 or the Debtors' emergence from Chapter 11. The DIP facility permits the increase of commitments of existing lenders and/or commitments by new lenders up to an aggregate maximum of \$250 million.

As of December 31, 2008, the Debtors had no revolving loans and \$64.1 million of standby letters of credit issued and outstanding under the DIP facility. These letters of credit reduced the aggregate unused availability for revolving loans and letters of credit, as of the April 1, 2008 effective date of the amended DIP facility, to \$100.9 million. The letters of credit were issued mainly for trade-related matters such as performance bonds, as well as certain insurance and environmental matters.